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Updates on COVID-19 Outbreak

— from Chinese Tourism Industry



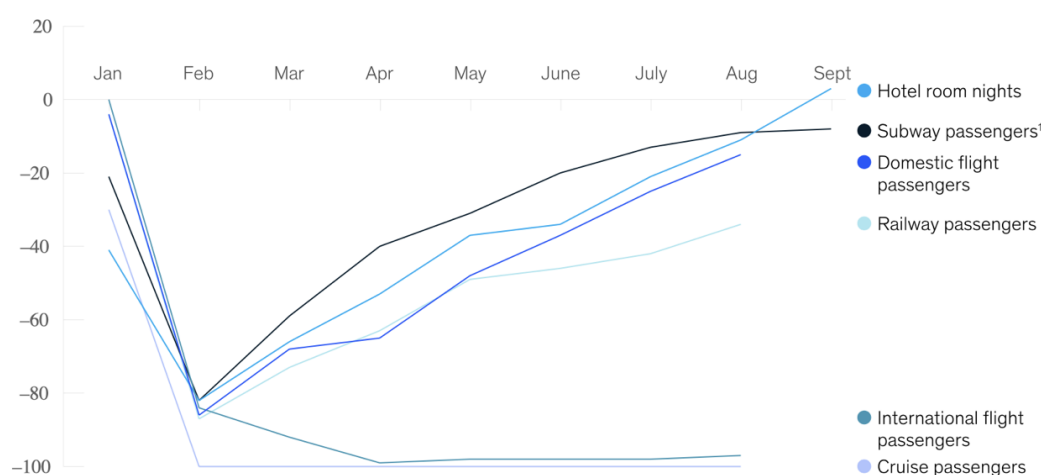


DOMESTIC TOURISM REBOUND

The strong rebound of China's domestic travel during the country's annual Golden Week holiday last month has given international destinations hope that Chinese tourists are still willing to travel and can be a major driver for the recovery of pandemic-hit global tourism. China recorded 637 million domestic tourists over the weeklong national holiday in October, which generated revenue of \$69.8 billion, reaching 79 percent of last year's level, according to statistics from China's Ministry of Culture and Tourism.

Domestic Travel Reaching Pre-COVID Level: demand for domestic travel is approaching pre-pandemic levels. As shown below, Hotel-occupancy rates and numbers of domestic flight passengers bounced back to around 90 percent of pre-pandemic levels by the end of August, and railway travel has also shown a strong recovery.

Tourism recovery in China, year-over-year change from 2019 to 2020, %



*Based on Chengdu, Guangzhou, and Shanghai.
Source: Ministry of Transport; STR; Wind Investment Terminal; monthly reports of airlines

China Domestic Flight Capacity: the Civil Aviation Administration of China just announced that the number of passenger flights in China in September topped the number of flights in September 2019. There were 371,000 domestic passenger flights last month, 3.5% more than the number of flights seen in September 2019, making China the first global market to see its domestic flight market fully recover to pre-pandemic levels.

Hotel Industry Recovery:

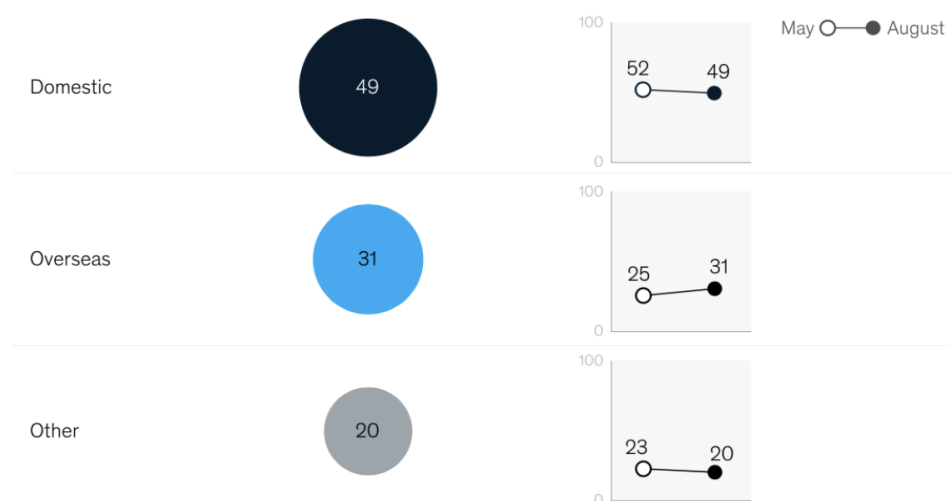
- **Marriott Hotels** saw the average occupancy rate for its hotels in China soar to 67% in September, higher than its average occupancy in September 2019, and a dramatic turnaround from its average occupancy rate of 9% in February. By comparison, Marriott reported an average hotel occupancy in the United States of 37%, and of just 21% in Europe in Q3, down 58% from last year's levels. With the rapid recovery of the China market, Marriott announced it intends to open one new hotel a month in China over the next three years.
- **Hyatt Hotels** announced that the recovery of its hotel business in mainland China was "extremely encouraging" and that it has seen a significant improvement even in group bookings, with its Mainland China properties returning to pre-pandemic levels.



WILLINGNESS TO TRAVEL OVERSEAS STRENGTHENS

With strict restrictions on the number of weekly international flights out of China and mandatory centralized quarantine for international arrivals, international travel is still mostly limited to essential trips. Nevertheless a McKinsey study conducted in China in May and again in August indicates growing demand for overseas travel. The proportion of Chinese travelers seeking to go overseas for their next leisure trip rose from 25% in May to 31% in August as shown below, and is projected to continue its upward trajectory for the rest of the year.

“Where do you expect to go first for your next leisure trip?,” % of respondents (weighted)



Source: Travel Sentiment Survey of Chinese tourists, May 2020 (n = 1,569), August 2020 (n = 1,532)

Chinese Intent to Travel: Hilton released a survey of Chinese tourists aged 18 to 44 in 20 major cities of China which showed that although the epidemic has had an impact on daily life, Chinese enthusiasm for travel remains extraordinarily high. According to the survey, 91% of domestic Chinese travelers indicated that they plan to travel aboard again once travel restrictions are eased, of which 46% indicated that they plan to travel internationally even more frequently than before Coronavirus once conditions permit.

INTERNATIONAL FLIGHTS

Current Flight schedule from China to European Destinations:

Currently, 225 flights from 43 countries have resumed direct flights to main cities in China as planned. Among which, there are 57 flights between China and European Countries with the following schedule:

Country	Airline Company	Airline Routes	Date
United Kingdom	China Eastern Airlines	Shanghai=London	November1-December31
	Air China	Shanghai=London	November1-December31
	China Southern Airlines	Guangzhou=London	November1-November30
	Capital Airlines	Qingdao=London	November1-November30
	Virgin Atlantic Airways	London=Shanghai	November1-November30
	British Airways	London=Shanghai	November1-November30
Nederland	China Eastern Airlines	Shanghai=Amsterdam	November1-December31
	China Southern Airlines	Guangzhou=Amsterdam	November1-November30
	Xiamen Airlines	Xiamen=Amsterdam	November1-November30
	KLM Royal Dutch Airlines	Amsterdam=Shanghai	November1-November30



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		Amsterdam=Hangzhou	November1-November30
		Amsterdam=Chengdu/Beijing	November1-November30
France	China Eastern Airlines	Shanghai=Paris	November1-December31
	Air China	Beijing/Tianjin=Paris	November1-December31
	Air France	Paris=Shanghai	November1-November30
		Paris=Tianjin/Beijing	November1-November30
Germany	China Eastern Airlines	Shanghai=Frankfurt	November1-December31
	Air China	Shanghai=Frankfurt	November1-December31
		Chengdu=Frankfurt	November1-December31
	Lufthansa	Frankfurt=Shanghai	November1-December31
		Frankfurt=Nanjing	November1-December31
		Frankfurt=Shenyang/Beijing	November1-December31
Denmark	Air China	Beijing=Copenhagen	November1-December31
		Beijing/Shijiazhuang=Copenhagen	November1-December31
	Scandinavian Airlines Systems	Copenhagen=Shanghai	November1-November30
Poland	Air China	Beijing/Hohhot=Warsaw	November1-December31
		Beijing/Taiyuan=Warsaw	November1-December31
Republic of Belarus	Air China	Beijing/Zhengzhou=Minsk	November1-December31
		Beijing/Hohhot=Minsk	November1-December31
Switzerland	Swiss International Air Lines	Zurich=Shanghai	November1-December31
Sweden	Air China	Beijing=Stockholm	November1-December31
		Beijing/Xi'an=Stockholm	November1-December31
Russia	Air China	Beijing=Moscow	November1-December31
	Aeroflot-Russian Airlines	Moscow=Shanghai	November1-November30
Austria	Air China	Beijing=Vienna	November1-December31
	Austrian Airlines	Vienna=Shanghai	November1-December31
Greece	Air China	Beijing/Chengdu=Athens	November1-December31
		Beijing=Athens	November1-December31
Spain	Air China	Beijing/Xi'an=Madrid	November1-December31
		Beijing/Tianjin=Madrid	November1-December31
Finland	Juneyao Airlines	Shanghai=Helsinki	November1-November30
		Zhengzhou=Helsinki	November1-November30
	Finn Air	Helsinki=Shanghai	November1-November30
		Helsinki=Nanjing	November1-November30
Belgium	Hainan Airlines	Beijing=Brussels	November1-November30
Portugal	Capital Airlines	Xi'an=Lisbon	November1-December31



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UPDATES & PROMOTIONS FOR OUTBOUND TOURISM

CITM 2020: a total of 1,500 exhibitors from 50 countries and regions are participating in the China International Travel Mart (CITM) 2020, which took place in Shanghai from November 16-18, 2020. The fair is held both online and offline to enable attendees from China and abroad to experience the latest travel products and services, and facilitate business negotiations for both sellers and buyers.

Singapore Reopens Tourism to Mainland China: starting from November 6, Singapore has permitted the entry of short-term visitors from the Chinese mainland without 14 day quarantine on a valid negative COVID test result.

ISRAEL: Israel announced that China would be put on the list of "green destinations", which means there will be no need for quarantine for Chinese travelers entering Israel.

Malta China Travel Bubble: Malta established a travel Bubble with China under which Chinese tourists will not need to quarantine or be tested in advance when visiting Malta. Malta is seeking to be ahead of other EU countries in re-establishing international tourism ties with China.

China Thailand Travel Bubble: the Association of Thai Travel Agents submitted an open letter to Thailand's Tourism and Sports Ministry requesting Chinese tourists be allowed to enter the country by January under a new travel bubble between the two nations, without requiring 14-day quarantine.

Thailand Launches China Trade Coop: U-tour Group and the Thailand National Tourism Bureau jointly launched a "Long Missed Thailand" integrated campaign including "early bird" pre-sale concessions, content marketing, offline activities and promotions to U-tour members to warm up the market to prepare for the restart of China's outbound tourism.

Germany Sales Mission: the German National Tourism Board organized its annual sales mission to Beijing, Shanghai and Chengdu from November 16-18 to actively maintain communication with key travel trade partners in China.

MONACO: Monaco continues to communicate and interact with Chinese tourists through online channels to maintain market attention during this period and announced it plans to resume regular promotion activities in the Chinese market in 2021.

Australia Re-Engages Chinese Travel Trade: Tourism Australia organized its annual Greater China travel conference with more than 80 buyers from Greater China gathering in Shanghai to hold online talks with more than 60 Australian travel service providers. In addition to online negotiations, Chinese buyers also participated in an offline destination showcase to experience food and wine from Australia.

West Australia Launches Digital Campaign In China: Western Australia has assembled a number of tourism attractions to conduct virtual exhibitions on relevant Chinese online travel websites and platforms to ensure West Australia is top of mind as the China market re-opens to international travel in 2021.

New Zealand Launches New China Campaign: the New Zealand tourism authority jointly held a media reception of "taste of New Zealand" at the New Zealand Embassy on the evening of October 30 to showcase New Zealand to Chinese consumers through the culinary lens.

Malaysia Reactivates China Market Via Culinary Campaign: the Malaysian Tourism Administration recently organized its first post-pandemic offline campaign in Beijing to attract Chinese tourists to experience Malaysia as a culinary destination by launching a major Malaysian Food Festival in the capital, in preparation for the re-opening of Malaysia's borders to Chinese in 2021.

Fiji Launches Early Bird Sales in China: Tourism Fiji has launched its early bird pre-sale products to promote travel to Fiji with Ctrip.com starting from October 10th to prepare for China's market restoration and recovery.